

**COMPLETE SUMMARY APPRAISAL OF  
THE PROPERTY LOCATED AT**

808 Michigan Avenue

Libby, MT 59923

Lots 4 and 5,  
Block 4 Jennison Addition  
as of 3-30-31

March 6, 2006

**for**

U.S. Dept. of Transportation  
Research & Innovative Tech. Admin  
55 Broadway Kendall Sq.  
Cambridge, MA 02142

**by**

Howell & Associates

1426 Renwood Drive  
Libby, MT 59923

Gary Burchette

Howell & Associates  
1426 Renwood Drive  
Libby, MT 59923  
406-293-9517

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March 13, 2006

U.S. Dept. of Transportation  
Research & Innovative Tech. Admin  
55 Broadway Kendall Sq.  
Cambridge, MA 02142

Property - 808 Michigan Avenue  
Libby, MT 59923  
Borrower - n/a  
File No. - 7845  
Case No. -

Dear Zamora:

In accordance with your request, I have made a Complete Appraisal and prepared a Summary Appraisal Report of the real property located at 808 Michigan Avenue, Libby, MT.

The purpose of the Summary Appraisal is to provide an opinion of the market value of the property described in the body of this report.

Enclosed, please find the Summary Appraisal which describes certain data gathered during our investigation of the property. The methods of approach and reasoning in the valuation of the various physical and economic factors of the subject property are contained in this report.

An inspection of the property and a study of pertinent factors, including valuation trends and an analysis of neighborhood data, led the appraiser to the conclusion that the market value, as of March 6, 2006 is :

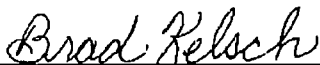
\$37,500

The opinion of value expressed in this report is contingent upon the Limiting Conditions attached to this report.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully submitted,

Howell & Associates



Brad Kelsch  
MT License #Licensed Residential #756

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# Complete Appraisal Analysis - Summary Appraisal Report

## UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. 7845

### Valuation Section

|  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
|--|--|-----------------------------------|--|----------------------------------|--|-------------------------------------|--|------------------------------------|---------------------------------|--|
| C<br>O<br>S<br>T<br><br>A<br>P<br>P<br>R<br>O<br>A<br>C<br>H   | ESTIMATED SITE VALUE                             |                                   | = \$ 14,000  |                                  | Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): <u>The replacement cost is based on the Marshall &amp; Swift Cost Handbook. The depreciation estimate includes physical forms only. The land value was projected after reviewing land sales in the area and extraction from improved sales. Estimated cost includes a current cost multiplier of 1.00 and a local multiplier of 0.94.</u> |                                     |  |                                    |                                 |  |
|  | ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS: |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
|  | Dwelling   | 954 Sq. Ft. @ \$ 61.05            | = \$   | 58,242                           |  |                                     |  |                                    |                                 |  |
|  | BSMT   | none Sq. Ft. @ \$                 | =  |                                  |  |                                     |  |                                    |                                 |  |
|  | Lump Sum Adjustments                             |                                   | =  | 9,458                            |  |                                     |  |                                    |                                 |  |
|  | Garage/Carport                                   | 450 Sq. Ft. @ \$ 21.99            | =  | 9,896                            |  |                                     |  |                                    |                                 |  |
|  | Total Estimated Cost New                         |                                   | = \$   | 72,939                           |  |                                     |  |                                    |                                 |  |
|  | Less   | 64.0 Physical Functional External |  |                                  |  |                                     |  |                                    |                                 |  |
|  | Depreciation                                     | 46,681                            | = \$   | 46,681                           |  |                                     |  |                                    |                                 |  |
|  | Depreciated Value of Improvements                |                                   | = \$   | 26,258                           |  |                                     |  |                                    |                                 |  |
| *As-is* Value of Site Improvements   |  | = \$                              | 1,000  |                                  |  |                                     |  |                                    |                                 |  |
| INDICATED VALUE BY COST APPROACH   |  | 41,258                            | = \$   | 41,258                           |  |                                     |  |                                    |                                 |  |
| S<br>A<br>L<br>E<br>S<br><br>C<br>O<br>M<br>P<br>A<br>R<br>I<br>S<br>O<br>N<br><br>A<br>N<br>A<br>L<br>Y<br>S<br>I<br>S  | ITEM   |                                   | SUBJECT  |                                  | COMPARABLE NO. 1   |                                     | COMPARABLE NO. 2                                     |                                    | COMPARABLE NO. 3                |  |
|  | 808 Michigan Avenue-L 3-30-31<br>Address Libby   |                                   | 40 Pioneer Rd-L 32-31-31<br>Lt2A,Bk3 Mahoney's Sub |                                  | 1305 Washington-L 10-30-31<br>Lt11&S10/Lt12,B19 So. Libby  |                                     | 208 W Spruce St-L 3-30-31<br>S pt Lt6,Bk3 Karnes Add |                                    |                                 |  |
|  | Proximity to Subject                             |                                   | 2 miles  |                                  | 0.4 mile   |                                     | 0.6 mile   |                                    |                                 |  |
|  | Sales Price                                      |                                   | \$ n/a   |                                  | \$ 35,000  |                                     | \$ 40,950  |                                    | \$ 50,200                       |  |
|  | Price/Gross Liv. Area                            |                                   | \$ 42.89   |                                  | \$ 50.62   |                                     | \$ 50.00   |                                    |                                 |  |
|  | Data and/or Verification Source                  |                                   | Inspection public records                          |                                  | ProMatch Public Records  |                                     | inspection/pub records Buy/Sell                      |                                    | inspection/pub records Buy/Sell |  |
|  | VALUE ADJUSTMENTS                                |                                   | DESCRIPTION  |                                  | + (-) \$ Adjustment  |                                     | DESCRIPTION  |                                    | + (-) \$ Adjustment             |  |
|  | Sales or Financing Concessions                   |                                   | conventional                                       |                                  |  |                                     | VA sales concess                                     |                                    | -1,950                          |  |
|  | Date of Sale/Time                                |                                   | 10/31/2005   |                                  |  |                                     | 08/05/2005   |                                    | 07/29/2005                      |  |
|  | Location   |                                   | urban  |                                  |  |                                     | urban  |                                    | urban                           |  |
|  | Leasehold/Fee Simple                             |                                   | fee simple   |                                  |  |                                     | fee simple   |                                    | fee simple                      |  |
|  | Site   |                                   | 0.146 acres  |                                  | -4,000   |                                     | 0.178 acres  |                                    | 0.12 acres                      |  |
|  | View   |                                   | typical  |                                  |  |                                     | typical  |                                    | typical                         |  |
|  | Design and Appeal                                |                                   | one story/fair                                     |                                  |  |                                     | one story/fair                                       |                                    | one story/fair                  |  |
|  | Quality of Construction                          |                                   | masonite   |                                  | wd siding/similar  |                                     | asbestos shing/sim                                   |                                    | metal siding/sim                |  |
|  | Age  |                                   | A1922/E50  |                                  |  |                                     | A1921/E50  |                                    | A1952,rm62/E40                  |  |
|  | Condition  |                                   | deferred maint                                     |                                  |  |                                     | superior   |                                    | superior                        |  |
|  | Above Grade                                      |                                   | Total Bdrms Baths                                  |                                  | Total Bdrms Baths  |                                     | Total Bdrms Baths                                    |                                    | Total Bdrms Baths               |  |
|  | Room Count                                       |                                   | 4 1 1.00   |                                  | 5 2 1.0  |                                     | 4 1 1.00   |                                    | 4 2 1.00                        |  |
|  | Gross Living Area                                |                                   | 954 Sq. Ft.  |                                  | 816 Sq. Ft.  |                                     | 809 Sq. Ft.  |                                    | 1,004 Sq. Ft.                   |  |
|  | Basement & Finished Rooms Below Grade            |                                   | pier & post none                                   |                                  | pier & post none   |                                     | 809sf none   |                                    | 336sf none                      |  |
|  | Functional Utility                               |                                   | average  |                                  | average  |                                     | average  |                                    | average                         |  |
|  | Heating/Cooling                                  |                                   | none/none  |                                  | EBB/none   |                                     | prop space/none                                      |                                    | OFA/none                        |  |
|  | Energy Efficient Items                           |                                   | adequate   |                                  | adequate   |                                     | adequate   |                                    | adequate                        |  |
|  | Garage/Carport                                   |                                   | 1Cdet+shop   |                                  | none   |                                     | none   |                                    | none                            |  |
| Porch, Patio, Deck, Fireplace(s), etc.   |  | 2 enclosed porch hearth, w/s      |  | COP none                         |  | covered stoop none                  |  | 2 COP none                         |                                 |  |
| Fence, Pool, etc.  |  | none                              |  | fence, barn                      |  | storage shed                        |  | none                               |                                 |  |
| Net Adj. (total)   |  |                                   |  | + [X] - \$ -2,500                |  | + [X] - \$ -3,450                   |  | + [X] - \$ -9,200                  |                                 |  |
| Adjusted Sales Price of Comparable   |  | Gross 47.1% Net -7.1% \$ 32,500   |  | Gross 45.1% Net -8.4% \$ 37,500  |  | Gross 36.3% Net -18.3% \$ 41,000    |  |                                    |                                 |  |
| Comments on Sales Comparison (including the subject property's comparability to the neighborhood, etc.): <u>Due to the low population of the county, there are few sales to consider as comparables (207 sales for 2005; 190 sales for 2004 for Libby/Troy. Single family residences are custom built and vary greatly in size, style, age, condition &amp; quality of construction. Consequently, adjustments are often greater than normally desirable and adjustment percentages are higher than typically acceptable. The comparables chosen are found to be the best available through a search of MLS sales, appraisers data files, realtors support and client input. ***See Extended Comments***</u> |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| ITEM   |  | SUBJECT                           |  | COMPARABLE NO. 1                 |  | COMPARABLE NO. 2                    |  | COMPARABLE NO. 3                   |                                 |  |
| Date, Price and Data Source, for prior sales within year of appraisal  |  | owner purchased 8/07/2002         |  | no sale history past year DOM=39 |  | Seller purchased 10/02/1998 DOM=109 |  | Seller purchased 2/22/1994 DOM=309 |                                 |  |
| Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:<br>The subject has not been sold in the past 3 years; the subject is not currently listed. Prior sales of the comparable properties occurred more than a year ago.  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| INDICATED VALUE BY SALES COMPARISON APPROACH   |  |                                   |  |                                  |  |                                     |  | \$ 37,500                          |                                 |  |
| INDICATED VALUE BY INCOME APPROACH (If Applicable) Estimated Market Rent \$  |  |                                   |  | N/A                              |  | N/A                                 |  | N/A                                |                                 |  |
| This appraisal is made <input checked="" type="checkbox"/> "as is" <input type="checkbox"/> subject to the repairs, alterations, inspections or conditions listed below <input type="checkbox"/> subject to completion per plans and specifications.   |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| Conditions of Appraisal: <u>AS IS. No personal property included. Appraisal completed in accordance with USPAP &amp; FIRREA regulations per addendum. All exhibits and addendums must accompany appraisal. ***See Extended Comments***</u>   |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| Final Reconciliation: <u>The sales comparison approach is considered the best indicator of value since it best expresses buyer/seller demand traits. The cost approach is supportive. Data is insufficient for a rent survey or income approach. *** See Additional Comments ***</u>   |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 438/Fannie Mae Form 1004B (Revised 06/93).  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF <u>March 6, 2006</u>  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ <u>37,500</u>   |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| APPRaiser: <u>Brad Kelsch</u> SUPERVISORY APPRAISER (ONLY IF REQUIRED): <input type="checkbox"/> Did <input type="checkbox"/> Did Not  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| Signature: <u>Brad Kelsch</u> Name: <u>Brad Kelsch</u> Inspect Property  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| Date Report Signed: <u>March 13, 2006</u> Date Report Signed   |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| State Certification # <u>State</u> State Certification # <u>State</u>  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |
| Or State License # <u>Licensed Residential #756</u> State <u>MT</u> Or State License # <u>State</u>  |  |                                   |  |                                  |  |                                     |  |                                    |                                 |  |

## ADDITIONAL COMMENTS

Borrower or Owner n/a

Property Address 808 Michigan Avenue

City Libby

County Lincoln

State MT

Zip Code 59923

Lender or Client U.S. Dept. of Transportation

**CONDITION OF IMPROVEMENTS**

The attic could not be inspected due to the owner stating that asbestos is present in the attic. The exterior has effective paint on the trim and siding. The exterior base board on the exterior of the house is touching the ground and is rotted in some places. The ceiling in the living room is bowed and droops in some areas.

The floor is uneven and slopes in various places of the house. Mold is present on the closet wall (see attached picture). The home has no mechanical heat source. The only source of heat is a wood stove. No other physical or functional inadequacies are noted beyond normal wear for this age home. Construction quality is fair. Improvements are in deferred maintenance condition. Below average appeal and marketability.

**COMMENTS ON SALES COMPARISON**

These sales are considered to be well within the subject's marketing area. Comparable sales proximity to subject exceed appraisal standards of 1 mile, this is typical in this rural, mountain community where housing development is greatly scattered often due to mountain terrain. Site values are derived from area land sales, immediate neighborhood land sales were limited. Adjustments reflect acreage, view, location, utility and terrain differences. The market supports the high demand for excess land. No time adjustments required in stable market. Construction quality adjustments, when appropriate, are computed from values supported by Marshall & Swift Cost Handbook, factored into the square footage and depreciated by the effective age of the comparable sale. Age adjustments developed from Marshall & Swift depreciation schedule and supported by market analysis. Gross living area (GLA) is computed at \$15 per square foot. Basement adjustments reflect size, finish, style, quality (owner or contractor) and utility for marketing area. Car storage adjustments are typical market reaction with considerations given to size, quality, utility, condition and completion. Other amenities are typical market reaction for area such as out-buildings.

No one sale best supports the indicated market value. After all adjustments have been made, a fairly narrow range of value is indicated. The subject residence is located in the urban area of Libby, Montana.

Sales comparables are located in the urban and surrounding suburban area of Libby, Montana. The subject as described in the condition of improvements section has deferred maintenance on the exterior and interior of the house. Sale 1 is in similar condition to the subject. Sales 2, 3, 4, and 5 are in superior condition. The subject has a pier and post foundation (according to courthouse records). There appears to be no perimeter concrete foundation. Sale 1 has a similar foundation to the subject. Sales 2, 3, and 4 have basements. Sale 5 has a concrete perimeter foundation with a crawl space. Car storage varies among the sales; the subject has a detached garage/shop. Amenities vary among the sales; the subject has no known amenities.

Adjustments exceed appraisal standards, however due to the very limited population of the area, few sales are typical. Appraiser has researched the area by consulting area realtors, public records, MLS and appraisers data files and have found that these sales were among the best comparable for the subject property.

Sales of vacant land considered similar to the subject's site within the past 18 months:

MLS 100344/0.75 acre/\$7,500  
 MLS 101187/0.90 acre/\$10,000  
 MLS 102004/0.86 acre/\$14,000  
 MLS 101789/0.22 acre/\$14,000 city lot  
 MLS 102192/0.23 acre/\$9,500  
 MLS 101879/0.81 acre/\$16,500  
 MLS 102400/0.42 acre/\$16,500  
 MLS 101609/0.22 acre/\$16,000

The estimated market value of the subject property is \$37,500. The subject land is given a market value of \$14,000. The estimated market value of the improvements is \$23,500.

**CONDITIONS OF APPRAISAL**

This appraisal is not a home inspection and the appraiser is not acting as a home inspector when preparing the report. The borrower has the right to have the home inspected by a professional inspector. When performing the inspection of this property, the appraiser visually observed areas that were readily accessible. The appraiser is not required to disturb or move anything that obstructs access or visibility.

It is noted that no inspection was made of the attic or area under the house due to the fact that the homeowner stated that asbestos was present in both areas; no disturbing of the areas was done due to health concerns.

The home is located in a Superfund area. The US Environmental Protection Agency information center will have evaluated this home for amphibole asbestos. For more information call the EPA information center at (406) 293-6194.

There is no evidence from the market place that prices have had a negative affect from the Superfund designation. Market conditions are stable and homes have sold at a brisk rate in the Libby/Troy area.